

CARL J. KUNASEK
CHAIRMAN

JIM IRVIN
COMMISSIONER

WILLIAM A. MUNDELL
COMMISSIONER

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ARIZONA CORPORATION COMMISSION

SECURITIES DIVISION
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TO: Chairman Carl J. Kunasek
Commissioner Jim Irvin
Commissioner William A. Mundell
FROM: Mark Sendrow *MS*
Director of Securities
DATE: October 18, 1999
RE: Docket No. S-03269A-99-0000, Bredeson, et al.
CC: Brian C. McNeil, Executive Secretary

Arizona Corporation Commission
DOCKETED
OCT 18 1999
DOCKETED BY *[Signature]*

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ARIZONA CORPORATION COMMISSION
SECURITIES DIVISION

Attached is a proposed Consent Order concerning Lowell Robert Taylor, a respondent in the above matter. Four individuals were named in the initial action, which was filed on May 18, 1999. Two individuals were served with a Notice of Opportunity for Hearing, Lowell Robert Taylor and Patrick Robin Hogue. Taylor requested a hearing, which was continued twice to allow Taylor to obtain counsel, and to allow negotiations toward a settlement to take place. The attached Consent Order relates to Taylor.

Hogue was personally served a copy of the Notice and failed to request a hearing. A separate Order addresses Hogue's default.

The remaining two respondents, James Bredeson and Ronald Hoover, have not been served, although lengthy efforts were made to determine their whereabouts.

During late 1997 through April of 1998, Taylor, Hogue, Bredeson and Hoover sold investments under the d/b/a of Plus More Trust, located in Phoenix, Arizona. Hoover and Hogue were licensed or affiliated to sell certain products of WMA Securities of Duluth, Georgia, although Hogue's license was with California. The products sold by the respondents through Plus More Trust were not approved by WMA. The products consisted of opportunities to invest money in medium term notes, purportedly traded by large European banks (the "PMT program"). The Securities Division alleged as part of its fraud allegations that such products, which offered investors up to 10% return per month, did not exist in the legitimate financial markets.

The four respondents raised at least \$1,091,500 through the sale of the PMT program. On November 23, 1998, WMA Securities entered into a Consent Order with the Commission whereby WMA paid restitution plus 10% interest to all known investors in the PMT program.

The current case was filed in order to obtain a return of any commissions from the individual salesmen. Taylor received at least \$23,150 for his sales. Since no amounts are due to investors, penalties have been included in both Orders to cover commissions paid plus an additional fine.

Under terms of the Consent Order as signed by Taylor, Taylor will pay \$1,000 upon signing of the Order by the Commission. Taylor will thereafter pay \$300 per month until his debt is paid in full. Should Taylor default on any payment, the total amount of \$23,150 shall become due and payable immediately, as well as a \$5,000 penalty. Taylor tendered \$1,000 to the Division, which is being held pending a decision on the Order. Taylor also provided the Division with a current statement of assets and liabilities that indicates he is insolvent. However, Taylor believes future employment will allow him to make the \$300 payment. Because of Taylor's current financial situation, and because investors have already been paid full restitution plus interest, the Division believes the lengthier payback period is warranted.

Originator: Sharon Fox
AG Assigned: Robert Zumoff

BEFORE THE ARIZONA CORPORATION COMMISSION

CARL KUNASEK
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

In the matter of

JAMES TROY BREDESON
1951 w. Camelback Rd., Ste. 270
Phoenix, AZ 85015

RONALD JOHN HOOVER
4215 N. Civic Center Blvd., #145
Scottsdale, AZ 85251

LOWELL ROBERT TAYLOR
a/k/a JIM TAYLOR
630 N. Pheasant Dr.
Gilbert, AZ 85236

PATRICK ROBIN HOGUE
2765 N. Scottsdale Rd. , #104-A
Scottsdale, AZ 85257,

Respondents.

DOCKET NO. S-03269A-99-0000

DECISION NO. _____

**ORDER TO CEASE AND DESIST,
ORDER OF DISGORGEMENT,
ORDER FOR ADMINISTRATIVE
PENALTIES AND CONSENT TO
SAME RE: LOWELL ROBERT
TAYLOR**

Respondent LOWELL ROBERT TAYLOR elects to permanently waive his rights to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona with respect to this Order to Cease and Desist, Order of Disgorgement and Order for Administrative Penalties ("Order"); admits the jurisdiction of the Arizona Corporation Commission; neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the Commission.

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I.

FINDINGS OF FACT

1. LOWELL ROBERT TAYLOR, a/k/a JIM TAYLOR ("TAYLOR"), whose last known address is 630 N. Pheasant, Gilbert, AZ 85236, was at all relevant times a managing director, trustee, and salesman for PMT. TAYLOR was not registered under the Securities Act as a dealer or salesman.

2. Beginning around November 1997 through at least April 1998, TAYLOR offered and sold investment opportunities in the form of "Private Loan Contracts" between the investor as "lender" and PMT as "borrower" (the "PMT program".) Investors were contacted through newspaper ads or referrals. Investors who provided PMT with funds were promised from 3 to 10% interest per month on their investment for periods of 12 months. Investors were told that they could roll over their monthly returns, or a portion of them, to accumulate an even greater total on which to calculate the monthly interest. Investors were also provided with a repayment schedule that allowed for monthly withdrawals during the course of the PMT program.

3. Investors were told that their money would be used by PMT to invest in "medium term notes" issued by a top European bank. The notes would then be traded on secondary markets at substantial spreads, producing returns that would allow PMT to pay high interest to investors.

4. Investors were told that the trading of medium term notes was "very much an insider game, thoroughly known and understood by a privileged few." Those connected with the European financial institutions were under "non-disclosure covenants for years." Thus, investors were told that there was not any publicity about the PMT program and how transactions were conducted. Only those "invited" could participate in PMT's program.

5. Investors received a "Private Loan Contract", a one page sample "loan repayment schedule" and information about "High Yield Private Placements," before they invested. Investors were not required to contribute to the management of their money in the PMT program. Investors were given no information about who would manage their money, or where it would be deposited.

1 Investors were not provided with any track record for the PMT program, nor were they given any
2 financial statements or other background information about PMT or its principals.

3 6. At least thirty-three investors invested at least \$1,091,500 in the PMT program.

4 7. Some investors received monthly interest payments on their investment for a period
5 of 3 to 7 months. Several of those investors decided to invest again after receiving payments. After
6 receiving monthly payments, some investors provided information about the PMT program to
7 friends and family members who also invested. The majority of investors decided to "roll over"
8 their monthly interest payments into their original investment. Those investors received no
9 payments back from PMT.

10 8. As the due dates for investor's 12-month contracts matured, investors who made
11 inquiry were told that there were delays in returning investor funds. Some investors were told that
12 the funds were being retrieved from overseas, or that the funds had reached the United States, but
13 were being held in New York. Other investors were told that Respondent BREDESON was on his
14 way across the country, paying investors as he passed through their cities on his way to Phoenix. By
15 August 1998, PMT had closed its business and RESPONDENTS did not return telephone calls.

16 9. TAYLOR received commissions of at least \$23,500 through sales of the PMT
17 program. TAYLOR was not licensed to sell securities at all relevant times. However, by Order
18 dated November 23, 1998, the Arizona Corporation Commission entered into a Consent with
19 WMA Securities of Atlanta, Georgia, whereby PMT investors, including those who dealt with
20 TAYLOR, were repaid their principal plus interest as a result of, among other things, WMA
21 Securities' failure to supervise licensed Respondents HOOVER and HOGUE.

22 II.

23 CONCLUSIONS OF LAW

24 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
25 Arizona Constitution, and the Securities Act of Arizona, Title 44, Chapter 12, Arizona Revised
26 Statutes, as amended (A.R.S. § 44-1801, et seq.)

1 2. From on or about November 1997, LOWELL ROBERT TAYLOR offered and/or
2 sold securities in the form of notes, investment contracts or evidences of indebtedness, within and/or
3 from Arizona.

4 3. The securities referred to above were not registered under A.R.S. §§ 44-1871 through
5 44-1875, or 44-1891 through 44-1902; were not securities for which a notice filing has been made
6 under A.R.S. § 44-3321; were not exempt under A.R.S. §§ 44-1843 or 44-1843.01; were not offered
7 or sold in exempt transactions under A.R.S. § 44-1844; and were not exempt under any rule or order
8 promulgated by the Commission.

9 4. LOWELL ROBERT TAYLOR offered and/or sold unregistered securities within or
10 from the state of Arizona in violation of A.R.S. § 44-1841.

11 5. In connection with the offers to sell and the sale of securities, LOWELL ROBERT
12 TAYLOR acted as a dealer and/or salesman within and/or from Arizona, although not registered
13 pursuant to the provisions of Article 9 of the Securities Act, in violation of A.R.S. § 44-1842.

14 6. In connection with the offers and sales of securities within and/or from Arizona,
15 LOWELL ROBERT TAYLOR directly or indirectly: (i) employed a device, scheme or artifice to
16 defraud; or (ii) made untrue statements of material fact or omitted to state material facts which were
17 necessary in order to make the statements made not misleading in light of the circumstances under
18 which they were made; or (iii) engaged in transactions, practices or courses of business which
19 operated or would operate as a fraud or deceit upon offerees and investors, all in violation of A.R.S.
20 § 44-1991.

21 7. LOWELL ROBERT TAYLOR is subject to an Order to Cease and Desist pursuant to
22 A.R.S. § 44-2032 because he violated the provisions of A.R.S. §§ 44-1841, 44-1842 and 44-1991.

23 8. LOWELL ROBERT TAYLOR is subject to administrative penalties pursuant to
24 A.R.S. § 44-2036 because he violated the provisions of A.R.S. §§ 1841, 44-1842 and 44-1991.

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III.

ORDER

THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commission finds that the following Order is appropriate, in the public interest and necessary for the protection of investors:

1. IT IS ORDERED, pursuant to A.R.S. § 44-2032, that LOWELL ROBERT TAYLOR, and any agents, servants, employees, successors, or persons in active concert or participation with him CEASE and DESIST from the following and any other violation of the Securities Act of Arizona:

a) Offering to sell or selling securities within or from the state of Arizona unless the securities are registered with the Commission pursuant to Articles 6 or 7 of the Securities Act of Arizona, or the securities qualify for an exemption from registration;

b) Offering to sell or selling securities within or from the state of Arizona unless prior registration as a dealer or salesman is obtained under Article 9 of the Securities Act of Arizona, or an exemption from registration is available;

c) Offering to sell or selling securities within or from the state of Arizona, through misrepresentations of material fact or omissions of material fact; including but not limited to :

i.) failing to provide investors with the names, background and experience of the individuals or institutions who would purportedly be trading medium term notes with investor money;

ii.) failing to disclose any risks in investing in the PMT program;

- 1 iii.) failing to disclose fees or commissions connected with the
2 sale of the PMT program;
3 iv.) failing to tell investors that PMT was not a valid business
4 trust;
5 v.) misrepresenting the PMT program as being a high yield,
6 exclusive trading program between European financial institutions,
7 when in fact, such programs do not exist in the legitimate financial
8 markets.

9 2. IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that LOWELL ROBERT
10 TAYLOR shall pay an administrative penalty of twenty-eight thousand, one hundred fifty dollars
11 (\$28,150), based upon return of commissions of \$23,150 plus an additional \$5,000 in penalties.
12 Payment shall be made by cashier's check in the amount of \$1,000 upon entry of this Order followed
13 by monthly payments of \$300 until paid in full, such checks to be made payable to the "State of
14 Arizona" for deposit in the General Fund of the state. IT IS FURTHER ORDERED that upon failure

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1 to pay any amount due, the full amount of restitution and penalty shall be immediately due and
2 payable, with interest to accrue at the statutory rate of 10%.

3 3. IT IS FURTHER ORDERED that this decision shall become effective immediately.

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5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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8 CHAIRMAN

COMMISSIONER

COMMISSIONER

9 IN WITNESS WHEREOF, I, Brian C. McNeil,
10 Executive Secretary of the Arizona Corporation
11 Commission, have hereunto set my hand and
12 caused the official seal of the Commission to be
13 affixed at the Capitol, in the City of Phoenix,
14 this ____ day of _____.

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16 BRIAN C. McNEIL
17 Executive Secretary

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22 DISSENT
23 (SAF)

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25 This document is available in alternative formats by contacting Cynthia Mercurio-
26 Sandoval, ADA Coordinator, voice phone number 602/542-0838, E-mail
csandoval@cc.state.az.us.

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CONSENT TO ENTRY OF ORDER BY THE COMMISSION
AND WAIVER OF HEARING

LOWELL ROBERT TAYLOR acknowledges that he has been fully advised of his right to a hearing to present evidence and call witnesses. LOWELL ROBERT TAYLOR waives all hearing procedures and the right to appeal provided by the Securities Act of Arizona with respect to this Order to Cease and Desist, Order for Administrative Penalties and Order of Revocation ("Order") and Consent to Entry of Order ("Consent").

LOWELL ROBERT TAYLOR admits the jurisdiction of the Arizona Corporation Commission ("the Commission") with respect to the matters set forth in this Order and Consent.

LOWELL ROBERT TAYLOR neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order and Consent but he consents to the issuance of the Findings of Fact and Conclusions of Law contained in the Order. LOWELL ROBERT TAYLOR agrees that he shall not challenge their validity in any present or future administrative proceedings before the Commission or any other branch of state government concerning the denial or issuance of any license or registration required by the State in order to engage in the practice of any business or profession.

LOWELL ROBERT TAYLOR states that his entry into this Consent is a voluntary act and that no promise was made nor coercion used to induce LOWELL ROBERT TAYLOR to enter into it.

LOWELL ROBERT TAYLOR acknowledges that he has been represented by counsel in this matter and that he has reviewed this Order with his attorney and understands all terms and obligations contained herein.

LOWELL ROBERT TAYLOR consents to the entry of this Order and agrees to be fully bound by its terms and conditions.

1 LOWELL ROBERT TAYLOR understands that this Consent does not preclude any other
2 agency, officer of this State or its subdivision, from instituting other civil or criminal proceedings
3 now or in the future.

4 While this Order settles all pending matters between LOWELL ROBERT TAYLOR and
5 the Commission, LOWELL ROBERT TAYLOR understands that this Consent does not preclude
6 the Commission from instituting other administrative, civil, or criminal proceedings, now or in the
7 future, based on facts not presently known by the Commission or matters which are not covered by
8 this Order.

9
10 *Lowell Taylor*
11 LOWELL ROBERT TAYLOR

12 SUBSCRIBED TO AND SWORN BEFORE me this 4 day of October,
13 1999 by LOWELL ROBERT TAYLOR.

14 *J. T. Walsh*
15 NOTARY PUBLIC My Commission Expires: July 30, 2000

